



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Agreement with Resource Management International, Inc. to Provide Professional Services to the Electric Utility Department (\$82,500)

MEETING DATE: July 21, 1999

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council approve execution of the attached Agreement for Professional Services with Resource Management International, Inc. (RMI), up to a maximum of \$82,500.

BACKGROUND INFORMATION: The Electric Utility Department faces a number of issues related to electric industry restructuring which require short-term, specialized professional assistance in order to efficiently manage the transition to a deregulated power supply market place.

RMI is uniquely qualified to provide the needed expertise by virtue of its familiarity with the issues facing the City of Lodi and other Northern California electric utilities through its long experience with the Northern California Power Agency, Transmission Agency of Northern California and Western Area Power Administration.


The Department desires to utilize RMI for assistance with the following tasks:

1. Analysis of Business Issues;
2. Monitor and Analyze Power Supply Issues;
3. Energy Cost Management Procedures;
4. Western Area Power Administration Transmission Services Contract; and
5. Direct Access Programs and Procedures.

Funding for Task 4 above will be funded separately by the Lodi Transmission Project.

FUNDING: Electric Fund


Vicky McAthie
Finance Director

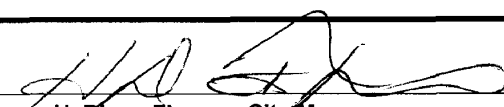

Alan N. Vallow
Electric Utility Director

PREPARED BY: John Stone, Manager, Business Planning and Marketing

ANV/JS/II

C: City Attorney

APPROVED:


H. Dixon Flynn -- City Manager

AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT, entered into this ____ day of _____, 1999, by and between CITY OF LODI, a municipal corporation (hereinafter referred to as "City"), and RESOURCE MANAGEMENT INTERNATIONAL, INC., a California corporation, whose address is 3100 Zinfandel Drive, Suite 600, Rancho Cordova, CA 95670 (hereinafter referred to as "Consultant"), is made with reference to the following:

RECITALS:

A. City is a municipal corporation duly organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California.

B. Consultant is specially trained, experienced, and competent to perform the special services which will be required by this Agreement; and

C. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement on the terms and conditions described herein.

D. City and Consultant desire to enter into an agreement for providing technical assistance on power supply matters upon the terms and conditions herein.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

I TERM

The term of this Agreement shall be effective on the ____ day of _____, 1999, and shall terminate on the ____ day of _____, 2000, unless terminated earlier as set forth herein.

II SERVICES

Consultant shall perform based on specific task directions from City each and every service set forth in Exhibit "A" which is attached hereto and incorporated herein by this reference.

III COMPENSATION TO CONSULTANT

Consultant shall be compensated for services performed pursuant to this Agreement in the amount set forth in Exhibit "B" which is attached hereto and incorporated herein by this reference for an amount not to exceed \$82,500 or as otherwise agreed to by the Parties. Payment shall be made by checks drawn on accounts of City.

IV TIME IS OF THE ESSENCE

Consultant and City agree that time is of the essence regarding the performance of this Agreement.

V STANDARD OF CARE

Consultant agrees to perform all services hereunder in a manner commensurate with the prevailing standards of like professionals and agrees that all services shall be performed by qualified and experienced personnel who are not employed by the City.

VI INDEPENDENT PARTIES

City and Consultant intend that the relationship between them created by this Agreement is that of employer-independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by City to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from City to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant.

VII IMMIGRATION REFORM AND CONTROL ACT (IRCA)

Consultant assumes any and all responsibility for verifying the identity and employment authorization of all of his/her employees performing work hereunder, pursuant to all applicable IRCA or other federal or state rules and regulations. Consultant shall indemnify and hold City harmless from and against any loss,

damage, liability, costs or expenses arising from any noncompliance of this provision by Consultant.

VIII NON-DISCRIMINATION

Consistent with City's policy that harassment and discrimination are unacceptable employer/employee conduct, Consultant agrees that harassment or discrimination directed toward a job applicant, a City employee, or a citizen by Consultant or Consultant's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, or sexual orientation will not be tolerated. Consultant agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

IX HOLD HARMLESS

Except for loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees, caused solely by the negligence of the City, its City Council, boards and commissions, officers and employees, Consultant shall indemnify, defend and hold harmless the City, its City Council, boards and commissions, officers and employees from and against any and all loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees, regardless of the merits or outcome of any such claim or suit arising from or in any manner connected to Consultant's negligent act or omission regarding performance of services or work conducted or performed pursuant to this Agreement.

A. Limitation of Liability

Consultant's liability under this Section 9 shall be limited to the amount paid to Consultant for work performed under this Agreement.

X INSURANCE

On or before the commencement of the term of this Agreement, Consultant shall furnish City with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with paragraphs 10A, B, C, D and E. Such certificates, which do not limit consultant's indemnification, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to City by certified mail, Attention: Risk Manager." It is agreed that Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to City and licensed to do insurance

business in the State of California. Endorsements consistent with paragraph D of this section shall be submitted with the insurance certificates.

A. Coverage

Consultant shall maintain the following insurance coverage:

- (1) Workers' Compensation
Statutory coverage as required by the State of California.
- (2) Liability

Commercial general liability coverage in the following minimum limits:

Bodily Injury:	\$500,000 Each Occurrence
	\$1,000,000 Aggregate All Other
Property Damage:	\$100,000 Each Occurrence
	\$250,000 Aggregate

If submitted, combined single limit policy with aggregate limits in the amounts of \$1,000,000 will be considered equivalent to the required minimum limits shown above.

- (3) Automotive

Comprehensive automotive liability coverage in the following minimum limits:

Bodily Injury:	\$500,000 Each Occurrence
Property Damage:	\$100,000 Each Occurrence
or	
Combined Single Limit:	\$500,000 Each Occurrence

- (4) Professional Liability

Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least \$1,000,000.

B. Subrogation Waiver

Consultant agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to his/her insurance for recovery. Consultant hereby grants to City, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or City with respect to the services

of Consultant herein, a waiver of any right to subrogation which any such insurer of said Consultant may acquire against City by virtue of the payment of any loss under such insurance.

C. Failure to Secure

If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, City shall be permitted to obtain such insurance in Consultant's name or as an agent of Consultant and shall be compensated by Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. Additional Insured

City, its City Council, boards and commissions, officers and employees shall be named as an additional insured under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. Sufficiency of Insurance

The insurance limits required by City are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

XI
CONFLICT OF INTEREST

Consultant warrants that it is not a conflict of interest for Consultant to perform the services required by this Agreement. Consultant may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff capacity as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

XII
PROHIBITION AGAINST TRANSFERS

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of City. Any attempt to do so without said consent shall be null

and void, and any assignee, sublessee, hypothecator, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from City under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to City by Consultant.

The sale, assignment, transfer, or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if Consultant is a partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

XIII SUBCONTRACTOR APPROVAL

Unless prior written consent from City is obtained, only those people and subcontractors whose names and resumes are attached to this Agreement shall be used in the performance of this Agreement.

In the event that Consultant employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile, and professional liability insurance in reasonable conformity to the insurance carried by Consultant. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

XIV PERMITS AND LICENSES

Consultant, at his/her sole expense, shall obtain and maintain during the term of this Agreement, all appropriate permits, certificates and licenses including, but not limited to, a city business license that may be required in connection with the performance of services hereunder.

XV REPORTS

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report," reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of City. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to the City the copyright to Reports created pursuant to this Agreement. Any Report,

information and data acquired or required by this Agreement shall become the property of City, and all publication rights are reserved to City.

B. All Reports prepared by Consultant may be used by City in execution or implementation of:

- (1) The original Project for which Consultant was hired;
- (2) Completion of the original Project by others;
- (3) Subsequent additions to the original project; and/or
- (4) Other City projects as appropriate.

C. Consultant shall, at such time and in such form as City may require, furnish reports concerning the status of services required under this Agreement.

D. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement shall be made available to any individual or organization by Consultant without prior approval by City.

XVI RECORDS

Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement.

Consultant shall maintain adequate records of service provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of City or its designees at all proper times, and gives City the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be kept separate from other documents and records and shall be maintained for a period of three (3) years after receipt of final payment.

XVII NOTICES

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States mail, postage prepaid, registered or certified, addressed as hereinafter provided.

All notices, demands, requests, or approvals from Consultant to City shall be addressed to City at:

City of Lodi
Electric Utility Department
Attention: Alan Vallow
Lodi, CA 95292

All notices, demands, requests, or approvals from City to Consultant shall be addressed to Consultant at:

Resource Management International, Inc.
Attention: Mike Brozo
3100 Zinfandel Drive Suite 600
Rancho Cordova, CA 95670

XVIII TERMINATION

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If such default is not cured within a period of two (2) days after receipt by Consultant from City of written notice of default, specifying the nature of such default and the steps necessary to cure such default, City may terminate the Agreement forthwith by giving to the Consultant written notice thereof.

City shall have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) days' prior written notice to Consultant as provided herein. Upon termination of this Agreement, each party shall pay to the other party that portion of compensation specified in this Agreement that is earned and unpaid prior to the effective date of termination.

XIX COST OF LITIGATION

If any legal action is necessary to enforce any provision hereof or for damages by reason of an alleged breach of any provisions of this Agreement, the prevailing party shall be entitled to receive from the losing party all costs and expenses in such amount as the Court may adjudge to be reasonable, including attorneys' fees.

XX COMPLIANCES

Consultant shall comply with all state or federal laws and all ordinances, rules, and regulations enacted or issued by City.

XXI
CONFLICT OF LAW

This Agreement shall be interpreted under and enforced by the laws of the State of California excepting any choice of law rules which may direct the application of laws of another jurisdiction. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities).

Any suits brought pursuant to this Agreement shall be filed with the courts of the County of San Joaquin, State of California.

XXII
ADVERTISEMENT

Consultant shall not post, exhibit, display, or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from City to do otherwise.

XXIII
WAIVER

A waiver by City of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

XXIV
INTEGRATED CONTRACT

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the parties hereto, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by written execution signed by both City and Consultant.

XXV
INSERTED PROVISIONS

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

XXVI
CAPTIONS

The captions in this Agreement are for convenience only, are not a part of the Agreement, and in no way affect, limit, or amplify the terms or provisions of this Agreement.

IN WITNESS WHEREOF, the parties have caused the Agreement to be executed on the day and year first above written.

RESOURCE MANAGEMENT
INTERNATIONAL, INC.
A California Corporation

CITY OF LODI

By _____
Bryan W. Griess
Vice President

By _____
H. Dixon Flynn
City Manager

By _____
Maurice Kruth
Senior Vice President

APPROVED AS TO FORM:
CITY ATTORNEY

By _____

Title _____

Exhibit A

SCOPE OF ACTIVITIES LODI ELECTRIC

Resource Management International, Inc. (RMI) offers a broad range of professional consulting services to the utility industry. RMI has a highly qualified team of experienced professionals in the electric utility industry ready and able to assist Lodi Electric in its efforts to manage the transition to a deregulated power supply market place.

Outlined in the following discussion are several broad work tasks that will help Lodi Electric in their efforts to evaluate certain issues and develop policies and programs to respond to the various issues. Actual work will be performed at the direction of Lodi Electric staff.

TASK 1 - ANALYSIS OF BUSINESS ISSUES

RMI will work together with Lodi staff to identify key issues affecting the utility in the deregulated market place. This survey and review of issues will be used to further identify relationships, and priorities with regard to these issues.

Review and analysis of Electricity Market Issues and related Utility including:

- Asset management and valuations
- Open access programs
- Energy cost management
- ISO and PX operational issues, and
- Power Supply Contracts

Prepare a brief report or summary of issues, interrelationships and a preliminary ranking or prioritization.

Report will be designed to provide direction to staff for decision making and program implementation of staff perspectives and input.

Estimated Cost: Up to \$7,500

TASK 2 - MONITOR AND ANALYZE POWER SUPPLY ISSUES

RMI will assist Lodi staff in the analysis and evaluation of power supply issues in various contracts and agreements. These issues include, but are not necessarily limited to, Northern California Power Agency (NCPA) power pooling arrangements, ISO/NCPA reliability must-run (RMR) agreements, and the PG&E/NCPA interconnection agreement. RMI will assist in the analysis of the terms and condition of agreements and procedures. RMI will also be available to assist Lodi in any negotiations or related work activities.

Exhibit A

Estimated Cost: Up to \$20,000

TASK 3 - ENERGY COST MANAGEMENT PROCEDURES

RMI will provide consulting support to Lodi staff in the analysis of NCPA energy cost management procedures and assist in the development of internal City policies and procedures for managing power supply purchases.

Estimated Cost: Up to \$25,000

TASK 4 - WESTERN AREA POWER ADMINISTRATION (WESTERN) TRANSMISSION SERVICES CONTRACT

Lodi has initiated a project to interconnect the City with the Western transmission system. RMI will assist Lodi in the analysis of options and negotiation of contract terms with Western for Interconnection.

Estimated Cost: Up to \$15,000

TASK 5 - DIRECT ACCESS PROGRAMS AND PROCEDURES

RMI will provide support to Lodi in the development of policies, procedures, and programs necessary for the implementation of open access programs in their service territory. Assistance will include development of program requirements, metering, and billing procedures, contract requirements, and related program elements.

Estimated Cost: Up to \$15,000

These work tasks and cost estimates are general in nature and may change based on the direction of Lodi. Total contract costs will not exceed \$82,500 for the 12-month period covered by this agreement unless mutually agreed by both parties.

Exhibit B

RESOURCE MANAGEMENT INTERNATIONAL, INC.
1999

Professional and support services, except for testimony, shall be billed at the following rates:

Managing Director	\$203 per hour
Managing Executive Consultant	\$180 per hour
Principal Executive Consultant	\$162 per hour
Executive Consultant	\$154 per hour
Principal Consultant	\$141 per hour
Supervising Consultant	\$126 per hour
Senior Consultant	\$114 per hour
Associate Professional	\$100 per hour
Analyst	\$87 per hour
Research Assistant	\$66 per hour
Technician	\$57 per hour
Office Services	\$53 per hour

The above rates shall be adjusted each year, commencing January 1, 2000, to reflect the change in rates officially established by RMI.

Testimony shall be billed at not less than eight (8) hours per day.

Reproduction, printing, communications, computer services, and other miscellaneous support services shall be billed at rates for such services as determined from time to time and officially established by RMI.

All travel, food, lodging, and miscellaneous expenses, except automobile mileage, associated with the provision of services hereunder shall be billed at cost plus ten (10) percent. Automobile mileage will be billed at the rate approved by the Internal Revenue Service.

Client shall reimburse RMI for any applicable sales tax imposed on services rendered by RMI to Client.

RESOLUTION NO. 99-105

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING THE
AGREEMENT WITH RESOURCE MANAGEMENT
INTERNATIONAL, INC. TO PROVIDE PROFESSIONAL SERVICES
TO THE ELECTRIC UTILITY DEPARTMENT

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BE IT RESOLVED, that the Lodi City Council hereby approves the Agreement with Resource Management International, Inc. to provide Professional Services to the Electric Utility Department; and

BE IT FURTHER RESOLVED, that the City Manager and City Clerk are hereby authorized to execute this Agreement on behalf of the City of Lodi.

Dated: July 21, 1999

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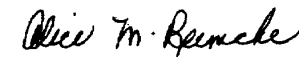
I hereby certify that Resolution No. 99-105 was passed and adopted by the Lodi City Council in a regular meeting held July 21, 1999 by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Mann, Nakanishi and Land
(Mayor)

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – Pennino


ALICE M. REIMCHE
City Clerk